



# House of Representatives

General Assembly

**File No. 116**

February Session, 2010

House Bill No. 5327

*House of Representatives, March 24, 2010*

The Committee on Government Administration and Elections reported through REP. SPALLONE of the 36th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT EXPANDING CERTAIN REVERSE AUCTION AUTHORITY TO THE PURCHASE OF CERTAIN SERVICES BY MUNICIPALITIES, SCHOOL DISTRICTS AND STATE AGENCIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4a-60b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) For the purposes of this section:

4 (1) "Reverse auction" means an on-line bidding process in which  
5 qualified bidders or qualified proposers, anonymous to each other,  
6 submit bids or proposals to provide goods, services or supplies  
7 pursuant to an invitation to bid or request for proposals; [and]

8 (2) "Contracting agency" means a state agency with statutory  
9 authority to award contracts for goods, services or supplies, or a  
10 political subdivision of the state or school district; and

11     (3) "Services" means any (A) laundry and cleaning service, (B) pest  
 12     control service, (C) janitorial service, (D) security service, (E) rental,  
 13     repair or maintenance of equipment, machinery or other personal  
 14     property owned by the state, a political subdivision of the state or a  
 15     school district, (F) advertising, (G) photostating, (H) mimeographing,  
 16     or (I) other service arrangements, other than construction or  
 17     construction management services, where such services are provided  
 18     by persons other than employees of the state, a political subdivision of  
 19     the state or a school district.

20     (b) Notwithstanding any provision of the general statutes,  
 21     whenever a contracting agency determines that the use of a reverse  
 22     auction is advantageous to the contracting agency and will ensure a  
 23     competitive contract award, the contracting agency may use a reverse  
 24     auction to award a contract for goods, services or supplies, in  
 25     accordance with any applicable requirement of the general statutes  
 26     and policies of the contracting agency. The contracting agency may  
 27     contract with a third party to prepare and manage any such reverse  
 28     auction.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	4a-60b

**GAE**        *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 11 \$</b>	<b>FY 12 \$</b>
Various State Agencies	All Funds - Savings	Potential	Potential

#### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 11 \$</b>	<b>FY 12 \$</b>
Various Municipalities	Savings	Potential	Potential

### ***Explanation***

The state, its political subdivisions, and school districts are expected to achieve savings to the extent that the expanded reverse auction authority provided by this bill is utilized. It should be noted that unlike purchasing goods and supplies, reverse auctions may not always be the ideal method in awarding contracts for service when factors in addition to price must also be considered.

This bill expands the use of on-line reverse auctions to award certain outside service contracts.<sup>1</sup> By design, the real-time auction process is administratively efficient and encourages bidders to offer the lowest price by immediately awarding the contract to the lowest bidder at the close of the auction. In contrast, the traditional Request for Proposals (RFP) process can require significant administrative resources. In addition, RFP bidders typically must build in a "price premium" to cover any difference in market price during the lengthy delay between bid submission and acceptance.

<sup>1</sup> Under current law, the state, municipalities and school districts may use a reverse auction to award contracts for goods and supplies.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject the use of reverse auctions and to inflation.

**OLR Bill Analysis****HB 5327*****AN ACT EXPANDING CERTAIN REVERSE AUCTION AUTHORITY  
TO THE PURCHASE OF CERTAIN SERVICES BY  
MUNICIPALITIES, SCHOOL DISTRICTS AND STATE AGENCIES.*****SUMMARY:**

This bill expands the use of reverse auctions by state agencies, political subdivisions of the state, and school districts. It allows these entities to use reverse auctions to award service contracts that will be performed by someone other than the contracting entity's employees. Under the bill, "services" mean (1) laundry and cleaning, pest control, janitorial, and security services; (2) advertising, photostating, and mimeographing; (3) other service arrangements; and (4) the rental, repair, or maintenance of equipment, machinery, or other personal property owned by the contracting entity. It does not include construction or construction management services.

Under current law, a "reverse auction" is an on-line bidding process in which qualified bidders and proposers anonymously submit bids or proposals to provide goods or supplies pursuant to an invitation to bid or request for proposals. By law, state agencies, political subdivisions, and school districts may use a reverse auction to award contracts for goods and supplies if they determine that doing so would be to their advantage and ensure a competitive contract award. They may contract with a third party to prepare and manage the reverse auction.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable

Yea    15    Nay   0    (03/10/2010)